



TESTIMONY OF KATHLEEN FLAHERTY, ESQ.  
EXECUTIVE DIRECTOR, CT LEGAL RIGHTS PROJECT, INC.  
BANKING COMMITTEE PUBLIC HEARING  
FEBRUARY 9, 2021

**In support of: HB 6372**, AN ACT EXEMPTING FROM EXECUTION  
CERTAIN FUNDS IN A JUDGMENT DEBTOR'S ACCOUNT.

Senator Kasser, Representative Doucette, Senator Berthel, Representative Delnicki  
and distinguished members of the Banking Committee:

Good afternoon. My name is Kathy Flaherty and I am the Executive Director of Connecticut Legal Rights Project (CLRP), a statewide non-profit agency that provides legal services to low income adults with serious mental health conditions. CLRP was established in 1990 pursuant to a Consent Order that mandated that the state provide funding for CLRP to protect the civil rights of DMHAS clients who are hospitalized, as well as those clients who are living in the community.

I have been a legal services lawyer for more than 20 years. When I was a staff attorney at Statewide Legal Services of Connecticut, I often provided advice to people who had received notices from debt collectors. The vast majority of our clients were (and are) judgment-proof: their income comes solely from government benefits that are exempt under both state and federal law from being attached to satisfy judgments in debt collection actions, and their weekly wages were usually less than the 40 times minimum wage. However, in order to claim that exemption, the low-income debtor would have to file papers in court.

The proposed changes in this bill would provide an **automatic** protection for the first \$1,000 in an individual's bank account. This would provide greater peace of

mind for people who live paycheck to paycheck, do not have large savings, and depend on having their money available to meet their basic needs (rent, food, utilities, and health care.) While there has always been a process by which a judgment debtor could claim this “wild card” exemption, it involves filing papers in court, perhaps attendance at a hearing, and at least a month where the person’s bank account is “frozen” and the funds not available. The additional protection provided to low-income debtors would enable them to keep their funds liquid and available, and does not provide any additional harm to the judgment creditor, because if the debtor had the wherewithal to file papers in court the money would be exempt from collection. Under current law, those people who do not understand the paperwork they receive, whether that be due to limited English proficiency or disability, and do not respond timely by filing in court lose their money – most likely as a result of a judgment that was obtained by default because they didn’t respond to the papers in the underlying debt collection action. I urge this committee to support the bill.